

First Meeting of the Judging Committee on the conclusion of the Treaty concerning the basic relations between JAPAN and CHINA and also exchanged official documents attached hereto.

Meeting was held on the 20th November 1940 in No. 3 East Room of the Imperial Palace.

Members who were present:

HARA	President of the Privy Council
SUZUKI	Vice-President of the Privy Council and Chairman of the Judging Committee

Members of the Committee:

KAWAI	Councillor
ISHII	Councillor
ARIMA	Councillor
KUBOTA	Councillor
ISHIZUKA	Councillor
SHIMIZU	Councillor
HINAMI	Councillor
NARA	Councillor
ARAKI	Councillor
MATSUI	Councillor
SUGAWARA	Councillor
MATSUURA	Councillor
USHIO	Councillor
HAYASHI	Councillor
FUKAI	Councillor
FUTAGAMI	Councillor
HANO	Councillor
USHIMA	Councillor
OBATA	Councillor
TAKEKOSHI	Councillor

The members of the Committee who were absent:

KANEKO	Councillor
TANAKA	Councillor
MITSUCHI	Councillor

State Ministers:

KONO	Premier
TOJO	War Minister
OIKAWA	Navy Minister
KAWADA	Finance Minister

Explainers:

MURASE	Director of the Bureau of Legislation
MORIYAMA	Councillor of the Bureau of Legislation
MIYAUCHI	Councillor of the Bureau of Legislation
YANAGAWA	Secretary-General of the Asia Development Board
SUZUKI	Chief of Political Affairs Division of the Asia Development Board
TAKEUCHI	Investigator of the Asia Development Board
HASHIMOTO	"Jimukan" of the Asia Development Board
ŌHASHI	Vice Foreign Minister
YAMAMOTO	Director of the East Asia Bureau of the Foreign Ministry
MATSUMOTO	Director of the Treaty Bureau of the Foreign Ministry
ŌTA	Secretary of the Foreign Ministry
NISHIMURA	Secretary ("Shokikan") of the Foreign Ministry
MATSUDAIRA	Secretary ("Shokikan") of the Foreign Ministry
OGAWA	Secretary ("Jimukan") of the Foreign Ministry
AIDA	Director of Financial Bureau of the Finance Ministry
KUSHIDA	Secretary of the Finance Ministry
MUTO	Director of the Military Affairs Bureau of the War Ministry
KAWAMURA	Colonel
ISHII	Lieutenant-Colonel
OKA	Director of the Naval Affairs Bureau of the Navy Ministry
ISHIKAWA	Captain (Navy)
FUJII	Commander (Navy)
HORIE	Chief Secretary
MOROHASHI	Secretary of the Cabinet
TAKATSUJI	Secretary of the Cabinet

(Meeting opened at 10:10 A.M.)

Chairman SUZUKI called the meeting to order and placed the two items of the subject proposal for discussion and requested the government authorities to give explanations.

Premier KONO gave an account of how the definite plans of the two items of the subject proposal were arrived at. Owing to the absence of the Foreign Minister on account of illness, the Vice Foreign Minister gave supplementary explanations.

The War Minister explained the policy for the future disposition of the CHINA Affair.

Next, Director MATSUMOTO of the Treaty Bureau, explained the outline of the contents of the two items of this proposal.

Councillor KAWAI asked several questions.

- (1) He asked why was it that a considerable period of time had elapsed since the government despatched a special envoy to NANKING until the adoption of a definite plan. To this SUZUKI, Chief of the Political Affairs Division of the Asia Development Board, replied that much time was spent in concluding this proposal because we had thoroughly studied the real nature of the New Government and considered the total surrender of the Chungking Regime.
- (2) Councillor KAWAI next asked the reason why no arrangements were made in regard to concrete method of abolishing extraterritoriality and the retrocession of the foreign concessions, in spite of the fact that provisions were made for their abolition or retrocession in Article VII of the Treaty. Director MATSUMOTO of the Treaty Bureau explained that the most important significance of the conclusion of the present treaty lay in the recognition of the new government; that accordingly the treaty contained only those basic clauses which were necessary from this standpoint; and that concrete arrangements in regard to the measures to be taken in connection with the relinquishment of extraterritoriality and the retrocession of the foreign concessions would be left for future agreement.
- (3) Councillor KAWAI further asked the reason why there was no restrictive provision whatever regarding the military strength to be maintained by the new government. In reply War Minister TOJO explained that, since the treaty was an arrangement made under a special situation and the changes in the situation hereafter were not clear,

only fundamental provisions were considered here, leaving other matters to be agreed upon separately. He expressed the wish that, considering the present situation, the military strength maintained by the new government (at present 80,000 men) would be brought up and strengthened.

(4) KAWAI inquired about nature of the compensations for damages sustained by Japanese nationals and the relief of destitute Chinese people, as provided in Article IV of the protocol attached to the treaty. Finance Minister KAWADA replied that, although Article IV, Paragraph 1, provided that damage to the rights and interests of Japanese subjects shall be compensated, no preparation for war expenditures was demanded, and that the relief of destitute Chinese people would naturally be done by the National Government, while the Japanese Government would furnish facilities, which would involve no burden upon Japan's national treasury.

Councillor ISHII questioned about the Japanese Government's policy toward the Chungking Regime and pointed out the danger that Japan's measure toward Chungking might cause CHIANG KAI SHEK to judge Japan's situation as unfavourable to Japan and thus take advantage of it. War Minister TOJO gave an account of the developments that had taken place since the Japanese Government's statement of January 16, 1938 down to the statement of November 3, 1938. He stated that the measures toward Chungking would be pushed forward in accordance with the outline for the disposition of the CHINA Affair adopted in Council in the presence of His Majesty the Emperor. As to the effects of these measures, he stated that there might be different observations, but a way might be opened by utilizing the effects of the Tripartite Alliance, etc.

Councillor ARIMA declared that, even if the union of WANG CHING WEI and CHIANG KAI SHEK materialize after the recognition of the new regime, he feared that CHIANG KAI SHEK would again gain supreme power and thereby prevent the achievement of the object of Japan's sacred war, in view of the fact that WANG CHING WEI had proved himself heretofore an unprincipled man in his course of actions, such that he was little trusted by the Chinese themselves, while CHIANG KAI SHEK enjoyed their confidence as a heroic existence. To Councillor ARIMA's request for the opinion of the authorities, War Minister TOJO explained that the Japanese Government intended to bring up and strengthen the new regime and that the union of CHIANG KAI SHEK and WANG CHING WEI would be realized if CHIANG KAI SHEK would abandon his past thoughts, change the true structure (of his regime) and adopt the ideal of establishing a new order in East Asia which Japan was planning.

Recess (from noon to 13:30)

Councillor KUBOTA asked whether the arrangements concerning Mengchiang and North China provided for in the treaty and relative official documents would immediately by these two areas. SUZUKI, Chief of the Political Affairs Division of the Asia Development Board, and Director MATSUMOTO, of the Treaty Bureau, explained that this was prescribed in (A) No. 2 (2) of the exchanged official documents. They stated that there was no apprehension whatever in respect to the fulfillment of the terms of the treaty in view of the developments leading to the establishment of the new central regime and the relations with Japan of the Federated Autonomous Government of Mongolia and the North China Political Affairs Commission since the beginning of their establishment. War Minister TOJO especially declared that in respect to this point consideration should be given to the presence of Japanese garrison forces there.

Councillor ISHIZUKA asked several questions:-

- (1) To his query as to the future outlook for the disposition of the (China) affair, War Minister TOJO answered that, although the new government did not yet possess real strength, Japan intended to rear it up and gradually extend its political power to all directions, and that Japan would strive to the last to obtain the surrender of the Chungking Regime.
- (2) In reply to his inquiry as to the Government's opinion in regard to the anti-Communist principle embodied in the treaty, Prime Minister KONOYE declared that the significance of the present affair as a sacred war is made most distinctly clear by its anti-Communist principle, and he expressed the determination to maintain to the last this anti-Communist principle, regardless of what the Soviet-Japanese relations are.
- (3) To the query as to the status of the Asia Development Board after the recognition of the new government, War Minister TOJO replied that, after the recognition of the new government, diplomatic relations would be established between JAPAN and CHINA, and that the status of the Asia Development Board resulting from this was being considered together with the readjustment of various organs in CHINA.

Councillor SHIMIZU asked (1) about the position of WANG CHING WEI in the new government and (2) about the form of peace to be made with Chungking government. In response to question No. (1) Secretary-General of the Asia Development Board explained that the new government would be organized in the form of the return of the National

Government to the nation's capital, with LIN SEN as the Chief of State. He added that, by special provision, an acting Chief of State could be appointed during his absence, and that WANG CHING WEI, President of the Executive Yuan, would be appointed as acting Chief of State. In reply to question No. (2), War Minister TOJO stated that the peace negotiations with the Chungking government would be based upon the principle of the union of CHIANG KAI SHEK and WANG CHING WEI.

Councillor MINAMI submitted, through the Vice Foreign Minister, questionnaires to Foreign Minister MATSUOKA, who was absent from the meeting, and requested replies thereto in the meeting to be held tomorrow.

Councillor NARA asked about the effects to be brought about by the conclusion of the treaty, and stated that if the Chungking government should fail to unite with the new government, then CHINA would be divided into two parts, that, after the recognition of the new government, the Chungking government would look upon it as a rebel government, and that there were doubts in regard to the perpetual continuation of the punitive campaign against the Chungking regime. To this War Minister TOJO replied that this treaty prescribed the basic principles of Sino-Japanese relations, which are quite different from provisions for the acquisition of war gains, and that, although under the present situation the existence of rival relations (between the two regimes) could not be denied, Japan should recognize the new government as the National Government of CHINA and devise various measures from this standpoint.

Councillor ARAKI asked about the allotment of expenses of our military forces stationed in CHINA, based upon the provisions of Article IV of the treaty. Finance Minister KAWADA explained that there was no provision for the direct allotment of the expenses, but that it is prescribed in Article II, Paragraph II, of the secret agreement attached to the treaty, that CHINA shall furnish various facilities required in stationing Japanese military forces in CHINA, thereby making CHINA assume indirectly a considerable share of the burden.

Councillor SUGAWARA asked about (1) the financial strength of the new government and (2) the economic capacity of the CHIANG KAI SHEK regime. In response to question (1), SUZUKI, Chief of the Political Affairs Division of the Asia Development Board, stated that almost the whole of the income of the new government was derived from revenues (particularly custom duties, consolidated tax and salt-tax) collected in the areas along the lower basin of the YANGTZE River, the total revenues for the current year being 140 million yuans against estimated expenditures of approximately 170 million yuans. Up to the end

of September this year the actual expenditures did not reach the estimated figures, thereby leaving a revenue-margin of 30 million yuans, he said. Hereafter, with the penetration of the political influences of the new government, efforts will be made to win over popular sentiment and to augment the revenue income, which is the basic source of income. In regard to question (2), War Minister TOJO explained to the following effect: The strengthening of our blockade and the closing of the CHIANG aiding routes have driven CHIANG KAI SHEK into strained circumstances, the shortage of goods and unsatisfactory demand and supply relation have placed Chungking on the verge of an economic crisis. However, there is no great difficulty in maintaining self-sufficiency in foodstuffs. As to public finance, according to Chungking's own announcement, the incomes, which amounted to only 1,200 million yuans before the outbreak of the CHINA Affair, reached 3,800 million yuans in 1938, of which 2,500 million yuans was allotted to military expenditures. The sources of these incomes were mainly three kinds of taxes, namely custom-duties, salt-tax, and consolidated tax; but the incomes from these sources greatly decreased from previous figures, on account of the occupation of the principal areas by our military forces. The increase of taxes and the creation of new taxes can hardly be expected to yield any large revenues. The annual remittances from Chinese people residing abroad amount to about 100 million yuans. The collection of gold and silver within the country no longer bear fruits. Such being the case, reliance is placed, in the final analysis, on the issuance of public bonds. Although issues of public bonds since the outbreak of the CHINA Affair reached 1,200 million yuans, only about 50% of them have been actually absorbed. Foreign loans have been comparatively successful, but they are not sufficient to make up the decrease in revenues.

Lastly, Councillor ISHII submitted through the Vice Foreign Minister, to Foreign Minister MITSUOKA, who was absent, questionnaires and requested replies to them at the committee meeting of the following day.

Chairman SUZUKI then announced the adjournment of the meeting for the day, adding that next committee meeting would be held at 10:00 A.M. the following day.

(Meeting adjourned at 16:15 P.M.)

Second Meeting of the Judging Committee on the conclusion of Treaty concerning the basic relations between JAPAN and CHINA, and also exchanged official documents attached thereto.

Meeting was held on 21st November 1940 in No 3 East Room of the Imperial Palace.

Members who were present:

HARA	President of the Privy Council
SUZUKI	Vice-President of the Privy Council and Chairman of the Judging Committee

Members of the Committee:

KAWAI	Councillor
ISHII	Councillor
ARIMA	Councillor
KUBOTA	Councillor
ISHIZUKA	Councillor
SHIMIZU	Councillor
MINAMI	Councillor
NARA	Councillor
ARAKI	Councillor
MATSUI	Councillor
SUGAWARA	Councillor
MATSUURA	Councillor
USHIO	Councillor
HAYASHI	Councillor
FUKAI	Councillor
FUTAGAMI	Councillor
MANO	Councillor
OSHIMA	Councillor
OBATA	Councillor
TAKEKOSHI	Councillor

The members of the Committee who were absent:

KANEKO	Councillor
TANATA	Councillor
MITSUCHI	Councillor

State Ministers:

TOJO	War Minister
MATSUOKA	Foreign Minister
KAWADA	Finance Minister
OIKAWA	Navy Minister

Explainers:

MURASE	Director of the Bureau of Legislation
MORIYAMA	Councillor of the Bureau of Legislation
MIYACHI	Councillor of the Bureau of Legislation
YANAGAWA	Secretary General of the Asia Development Board
SUZUKI	Chief of the Political Affairs Division of the Asia Development Board
TAKEUCHI	Investigator of the Asia Development Board
HASHIMOTO	Secretary of the Asia Development Board
YAMAMOTO	Chief of the East Asia Bureau of the Foreign Ministry
MATSUMOTO	Chief of the Treaty Bureau of the Foreign Ministry
OTA	Secretary of the Foreign Ministry
NISHIMURA	Secretary of the Foreign Ministry
MATSUDAIRA	Secretary of the Foreign Ministry
OGAWA	Commissioner of the Foreign Ministry
AIDA	Director of the Financial Bureau of the Finance Ministry
KUSHIDA	Secretary of the Finance Ministry
ISHII	Lieutenant Colonel
OKA	Director of the Bureau of Naval Affairs of the Navy Ministry
ISHIKAWA	Captain (Navy)
FUJII	Commander (Navy)
HORIE	Chief Secretary
MOROHASHI	Secretary
TAKATSUJI	Secretary

(Meeting was opened at 10:10 A.M.)

SUZUKI, Chairman of the Committee, called the meeting to order.

Foreign Minister MATSUOKA replied to the questionnaires which had been submitted to him by Councillors MINAMI and ISHII at the Committee meeting of the previous day.

Among the questions asked by Councillor MINAMI, the first question pointed out that, whereas it had been previously explained that a Soviet-Japanese agreement was not concluded simultaneously with the conclusion of the treaty among Japan, Germany and Italy because Japan relied upon Germany's promise that she would use her good offices between Japan and the Soviet Union, it should be only natural that this Japan-Soviet problem should have been taken up as one of the subjects for discussion in the recent meeting between Von RIBBENTROP and MOLOTOV. Councillor MINAMI desired to know what was the actual case. MATSUOKA replied that on the 30th of last month

after communicating with Germany, Ambassador TATEKAWA proposed to MOLOTOV a non-aggression pact as his private proposal. Before MOLOTOV's arrival at Berlin on the occasion of his recent visit to Germany, VON RIBBENTROP had already kept in touch with Ambassador KURUSU. Thus, Germany is doing fairly hard to adjust Soviet-Japanese relations, MATSUOKA explained.

In the second question Councillor MINAMI asked whether it was true that, according to what he had heard from outsiders regarding the progress of the negotiations between Japan and the Soviet Union, when Ambassador TATEKAWA proposed a non-aggression pact, MOLOTOV counter-asked him what Japan had to offer in return for it. MATSUOKA replied that it was so, generally speaking, but that he desired to avoid giving details of it at this time.

In question No. 3 Councillor MINAMI asked about the Anglo-American relations with Chungking. The reply to this was that there was no likelihood of Britain and the U.S.A. entering into a military alliance with CHIANG KAI-SHEK, although he had as yet no definite basis for explaining it as the real state of affairs.

In question No. 4 Councillor MINAMI inquired about the Anglo-American relations with Siam. It was replied to that, although the matter was now under investigation, there was little likelihood of a military alliance being concluded between Siam and Britain and the U.S.A.

In reply to question No. 5 as to the relation between Chungking and the Soviet Union, MATSUOKA replied that the adjustment of Soviet-Japan relations would progress to a certain extent, but not so far as to expect that the Soviet Union would suspend her support of CHIANG KAI-SHEK. He added, however, that notwithstanding this, adjustment of Soviet-Japanese relations should be pushed forward from a long range view point.

In reply to Councillor ISHII's query as to the advantages which Germany has given to Japan following the conclusion of the Tripartite Treaty, MATSUOKA replied to the following effect: Since the conclusion of the Tripartite Treaty, Germany has not only extended facilities to Japan for strengthening our national defence, but also given friendly advice on the Chinese problem and the adjustment of the diplomatic relations between Japan and the Soviet Union, and she has been conducting herself accordingly. For instance, Japan had formerly not expected much from Germany for the solution of the Chinese problem. However, after we presented to CHIANG KAI-SHEK our terms of peace on the 5th of this month, Germany's RIBBENTROP and STAHLER, both recommended peace to the Chinese Ambassador to Germany. It may be taken as one of the effects of this recommendation that Chungking

has approached closer to us and the negotiations are proceeding rather smoothly. However, in consideration of our past experiences in dealing with China, it is doubtful how the matter will develop in the future. Regarding the activities of the foreign ministers of the various countries of Europe, we are receiving reports from Germany. The main subjects of the Soviet-German conversations are the adjustments of the Italo-German diplomatic relations with the Soviet Union and of the Soviet-Japanese relations. It was to obtain the understanding of the Soviet Union on Germany's maneuvers in the Balkans that Germany invited MOLOTOV to visit Berlin. Germany is in a delicate position toward the Soviet Union, because it is observed that Germany's object in maneuvering to bring the Balkans into her sphere of influence is directed toward Britain in the first place, but also toward the Soviet Union. For the adjustment of diplomatic relations between Japan and the Soviet Union, we should take the greatest advantage of Germany's threat against the Soviet Union. It follows that Germany's maneuvers in the Balkans will prove advantageous to Japan.

Next, Councillor MINAMI asked several questions.

- (1) To the question as to what is the position of the Chungking Regime, Director MATSUMOTO, of the Treaty Bureau of the Foreign Ministry, replied that, insofar as Japan was concerned, it was nothing more than a local regime in China.
- (2) As to the question on the meaning of "the general restoration of peace" mentioned in the treaty, Foreign Minister MATSUOKA replied that this was a matter to be decided by future developments, and that Japan on her part would exert her utmost to support the new government and make it a de facto central government. He added, however, that Japan would handle matters in such a way that, as an internal problem of China, CHIANG KAI-SHEK would join the new government and thus enable Japan to recognize the actual results.
- (3) In reply to the question whether the subject treaty, which is concluded with WANG CHING-WEI, would not be affected as the result of the union of the two regimes because, though as a matter of form the union takes the form of the absorption of the local regime by the new government, actually the new government is in result absorbed by a more powerful regime, Foreign Minister MATSUOKA declared that depending on Japan's determination and the developments of the international situation in the future the CHIANG KAI-SHEK Regime would become weakened; that in case CHIANG KAI-SHEK should prove strong and the collaboration between him

and WANG CHING-WEI came into being, the treaty might be subjected to some changes to conform with the developments, but even then the changes would not be great. This would be so, he said, because the terms which were presented to CHIANG KAI-SHEK as a private proposal and had already received his consent for the most part, were substantially not different from the contents of this treaty, though they differ in form.

- (4) As to the difference in the meaning of "Greater EAST ASIA" as mentioned in the Tripartite Alliance Treaty and of "EAST ASIA" as mentioned in the present treaty, Director MATSUMOTO, of the Treaty Bureau, explained that the difference occurred from historical development, but that it was proper to interpret both terms as having the same meaning.
- (5) As to the meaning of the provision in Article II of the treaty prescribing that "the governments of the two countries shall cooperate with each other in respect to the harmonization of cultures," SUZUKI, Chief of the Political Affairs Division of the Asia Development Board, replied that, although Japan, Manchukuo, and China form the axis of East Asia, Japan is its kernel and that the chief object of the Article is to harmonize Japan's culture with others.
- (6) As to the reason why in Article III the stationing of Japanese military forces was restricted to the necessary period of time, War Minister TOJO replied that this was so provided for the purpose of clarifying, at the request of the new government, that the stationing of troops was not a permanent one, but that the troops might be stationed for an indefinite period depending upon the circumstances.
- (7) As to the starting point for reckoning the two years referred to in Article III of the Protocol attached to the treaty, namely, that the withdrawal of Japanese troops shall be completed "within two years after the establishment of peace and order," Director MATSUMOTO of the Treaty Bureau replied that this Article was the greatest stumbling-block in the negotiations between Japan and China, and that its interpretation was specially made clear in the minutes. Of course, he said, the withdrawal of Japanese troops cannot be completed until peace and order have been established, but even if peace and order is established, considerable time

will be required as it is practically impossible to complete the withdrawal of Japanese troops simultaneously with the establishment of peace and order. However, the term of withdrawal was restricted to within two years. War Minister TOJO explained that the army interpreted that, even when general peace is restored, a state of belligerency terminated, and the withdrawal of troops commenced, the end of the withdrawal would be within two years.

Recess (from noon to 1:30 P.M.)

(8) In reply to the question as to the position which Japan occupies in Hainan Island under the treaty terms in view of the special desires held by the Japanese people at large in respect to that island, Foreign Minister MATSUOKA stated that, since the Chinese people in general are highly sensitive to saving their face, it was intended to allow the Chinese to establish a province, including the island as its principal component, and to ensure Japan's grasp over it.

(9) In reply to the query as to how much national expenditure Japan has spent in the China Affair since its outbreak, Finance Minister KAWADA stated that the total amount of budget allotted to military expenditure up to March 1936 reached 16,455,000,000 yen.

Councillor SUGAWARA, after pointing out that, notwithstanding the fact that the Government intended to conclude the new treaty by the end of November and hence recognize the new government during November, it is said that the peace moves toward the Chungking Regime would be continued during December, asked the reason for providing this one month period between them. To this Foreign Minister MATSUOKA replied that the Nanking government would be recognized by the end of November because of the need of extending recognition in view of various aspects of the situation; that if there should be hope of success in the near future in the peace moves toward the Chungking government, the signing of the treaty might be postponed for some length of time; and that a period of one month was reserved for this purpose. Further, he stated that the new government well understood that the peace moves would be continued even after the end of this year. War Minister TOJ explained that it was our consistent policy to obtain the Chungking government's surrender and to have it join the new government.

Councillor MATSUURA asked the meaning of the expression in the new outline for the disposition of the China Affair, which was adopted on November 13, that the peace terms will be based on the new treaty. Foreign Minister MATSUOKA replied that, although there might be considerable room for concession in the peace terms from the standpoint of form, the peace terms should be substantially based on the new treaty.

Councillor USHIO asked whether there was any prospect for the moves toward the Chungking Regime to succeed during the current year. Foreign Minister MATSUOKA replied that he could only say that it was uncertain, although it was not quite hopeless.

Councillor HAYASHI asked for explanations about the signers of the treaty and their powers to do so. Director MITSUMOTO of the Treaty Bureau of the Foreign Ministry explained that, according to the Organic Law of China, the power to conclude treaties lies in the National Government, and that WANG CHING-WEI, who is presently President of the Executive Yuan and Acting Chief of State of the National Government during the latter's absence, and who is scheduled to be shortly inaugurated as Chief of State, would sign the treaty.

Councillor USHIO asked further that, whereas Article VII of the treaty provides for the abolition of extraterritoriality and the return of concessions on the part of Japan, and the freedom of residence and engagement in business for the Japanese people on the part of China, these two were reciprocal or not. Foreign Minister MATSUOKA replied that as a matter of principle they were reciprocal, but actually there would be some difference of time in their execution.

Councillor FUKU asked: (1) In case the Chungking government should fortunately accept the terms of peace within this month, then what will be the position of CHIANG KAI-SHEK and his relation with WANG CHING-WEI? (2) What is the government's policy toward establishment of Chinese economy? (3) What is the policy in respect to the rights and interests of foreign countries and foreign nationals in China?

In reply to question (1), Foreign Minister MATSUOKA said that, even if CHIANG KAI-SHEK should accept the terms for peace, we did not desire his assumption of an important position in the new government; and that, after the submission of Chungking, he would have to retire to private life.

In reply to question (2), MATSUOKA stated that Japan would for a long time in the future hold the political leadership of the Greater East Asiatic sphere, but at the same time Japan would strive to acquire reciprocal benefits on a basis of equality, avoiding any arbitrary monopolization of the profits through her position of supremacy in economic relations. He added, however, that Japan need not necessarily stick to this ideal depending upon the situation at home and abroad.

In reply to question (3), he explained that Japan would not permit any foreign country to exploit China as its own colony, and that in this respect, there might be the possibility of frictions in the future also.

Councillor FUTAGAMI, after pointing out that peace moves toward Chungking were being conducted side by side with the steps for the conclusion of this treaty, asked whether a new treaty would be concluded and the present treaty abolished in case the peace moves should prove successful.

Foreign Minister MATSUOKA replied that, in case by the end of this month there arises prospect of establishing peace with Chungking in the near future, the signing of this treaty might be postponed, and, depending upon the circumstances, the signing of it might be suspended.

At this juncture, War Minister TOJO asked for a recess. As the result of consultations among the Government members during this recess (3:30 to 3:40 P.M.), Foreign Minister MATSUOKA replied that the two items of the proposal had been submitted for deliberation, regardless of the success or failure of the peace moves toward the Chungking Government, and that if the occasion demands in the future the government would take the necessary steps.

Councillor FUTAGAMI further asked: (1) Whether, as the result of negotiations with the Chungking government following the conclusion of the present treaty, the present treaty would be abolished and whether WANG CHING-WEI, head of the Nanking government, might be forced to retire from public life; and (2) The extent to which the peace terms toward Chungking government would be based on the basic treaty.

In reply to question No. 1, Foreign Minister MATSUOKA declared that at the present time he could not think at all that such a thing would occur.

With respect to question (2), War Minister TOJO stated that the peace terms would be based on the basic treaty and all arrangements attached to it.

Councillor MANO asked (1) about the kinds of specified resources which Japan and China promise to develop in close cooperation with each other as per Article VI, Paragraph II, of the treaty; and (2) whether the new government would be permitted to employ foreign advisers other than Japanese.

In reply to question No. 1, SUZUKI, Chief of the Political Affairs Division of the Asia Development Board, mentioned the kinds of enterprises which were being operated jointly by Japanese and Chinese.

As regard question No. 2, Director MATSUMOTO of the Treaty Bureau replied that the new government would be under obligation to engage Japanese advisers and government officials.

Councillor OHSHIMA asserted that in order to cope with the new situation in future of protracted endurance, it would be necessary to use Chinese troops, and asked the basis for it in the treaty terms.

SUZUKI, Chief of the Political Affairs Division of the Asia Development Board, explained that the basis for it lay in Article IV of the treaty in respect to cooperation for the maintenance of peace and order, in document (A) of the exchanged secret official documents in respect to cooperation in anti-Communist operations and the maintenance of peace and order in Nengchian and North China, and in document (B) of the exchanged secret official documents in respect to cooperation for the complete achievement of the object of war.

Finally, Councillor KOBATA asked several questions:-

- (1) Councillor OBATA stated that whether or not the contents of the various arrangements of the proposal are fitting as the conditions for bringing an end to the great undertakings which involved heavy sacrifice and enormous war expenditures during the past three years was a matter that should naturally be discussed; that the judgment on this question should be left to future generations, but on perusing the contents of the treaty it appeared to him that none of them could be carried out unless the hearts of the Chinese people were grasped; and that, in the light of the experience of the Sino-Japanese Treaty of 1915 (the so-called "Treaty of 21 Articles"), no matter how much we vauched for the treaty, there was a danger that it would end in a mere scrap of paper unless the other party had the sincerity to carry it out. Therefore, he asked to know the Government authorities' view and their future policy on this point. Foreign Minister MATSUOKA replied that to grasp the hearts of the Chinese people would be the fundamental condition for the enforcement of the treaty but this would be no easy task; that, for this purpose, a good deal of determination would be required; that while showing our strength on the one hand, we should at the same time strive to make the Chinese masses understand our true intentions; and that, furthermore, in diplomatic relations also, we should strive to regain our lost international reputation. War Minister TOJO explained that it must be recognized as sufficient war results that a wedge of Japan, Nanchukuo, and China

was driven into the establishment of Greater East Asia, that, including Manchukuo, we had grasped a front root of our national defense, and that we could occupy a position of leadership toward China hereafter.

(2) Councillor OBITA then urged that, whereas Japan's past national policies toward China had more often than not shifted, the government should hereafter, for the sake of the country's reputation, devote itself to rearing and strengthening the new government, thereby relatively weakening the CHIANG KAI-SHEK Regime. In this connection he asked for the government's opinion and also inquired about the prospects for the recognition of the new government by other countries. Foreign Minister MITSUOKA replied that, after the signing of the treaty, we would endeavour to bring up and strengthen the new government; but that we would continue the moves toward Chungking as a secondary matter with the object of securing its submission; and that the recognition of the new government was expected to be made by Germany, Italy, Rumania, Hungary, and Spain.

(3) Councillor OBITA next inquired about the sphere of influence of the new government and the condition of peace and order within this area. SUZUKI, Chief of the Political Affairs Division of the Asia Development Board, explained that the sphere of influence of the new government was confined to the area occupied by the Japanese forces; that the condition of peace and order was generally good along the main traffic lines, but not yet completely satisfactory in the places remotely located from them; that although the people were holding a neutral attitude toward the new government, such that the new government had not yet grasped the hearts of the people, it was expected that peace and order would gradually improve along with the penetration of the political power of the new government.

(4) Councillor OBITA inquired further about the measures for the rehabilitation of destroyed areas. To this Finance Minister KIMURA replied that rehabilitation had not progressed rapidly because of the difficulty of obtaining materials, although the supply of funds was generally satisfactory; and that a solution of the matter would be considered by collaboration among Japan, Manchukuo and China.

(5) Lastly, Councillor OBATA asked to know the amount of military scrips issued in connection with the stationing of Japanese forces in China, and what disposition would be made of them. Finance Minister KAWADA replied that the amount of military scrips issued up to the 15th of November totaled 105,000,000 yen, but that no definite plan for their absorption had been decided yet. He added that the total Federal Bank of China notes outstanding as of October amounted to ¥623,000,000, some part of which was being used for military expenditure.

Chairman SUZUKI, recognizing the end of questioning, requested the withdrawal of all state ministers and explainers from the room.

(The ministers and explainers withdrew.)

Then the Committee went into discussion, and the members expressed their opinions on the matter. It was unanimously decided that these two items be recommended for approval, together with the expression of wishes that in the enforcement of the treaty every effort should be made to realize its fruits and to do the utmost to win over the hearts of the Chinese people.

Thereupon Chairman SUZUKI announced the adjournment of the meeting.

(Adjourned at 6:30 P.M.)